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BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

DOUG LITTLE, Interim Chairman
BOB STUMP
BOB BURNS
TOM FORESE

2016 JAN 29 P 12:19

AZ CORP COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
SUN CITY WATER COMPANY AND SUN CITY
WEST UTILITIES COMPANY FOR APPROVAL
OF CENTRAL ARIZONA PROJECT WATER
UTILIZATION PLAN AND FOR AN
ACCOUNTING ORDER AUTHORIZING A
GROUNDWATER SAVINGS FEE AND
RECOVERY OF DEFERRED CENTRAL
ARIZONA PROJECT EXPENSES

DOCKET NO. W-01656A-98-0577
DOCKET NO. WS-02334A-98-0577

Arizona Corporation Commission

DOCKETED

JAN 29 2016

DOCKETED BY

KE

**EPCOR WATER ARIZONA INC.
SUN CITY WATER DISTRICT
SUN CITY WEST WATER DISTRICT
NOTICE OF FILING
GROUNDWATER SAVINGS FEE FOR YEAR 2016**

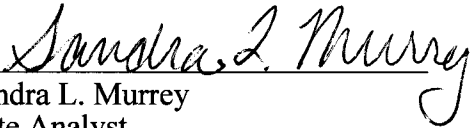
EPCOR Water Arizona Inc. ("Company") hereby timely files the revised Groundwater Savings Fee calculations for its Sun City Water and Sun City West Water Districts, as initially authorized by the Commission in Decision No. 62293 (February 1, 2000) and as updated through numerous Commission decisions.

For Sun City Water, based on the current reconciliation calculations, fees are over collected by \$18,225 as of December 31, 2015, with 2016 estimated costs of \$703,752, resulting in the revised Groundwater Savings Fee for residential customers of \$1.31 per unit, and \$0.2198 per 1,000 gallons for all other customers. Current fees are \$1.32 per unit for residential and \$0.1925 per 1,000 gallons for all other customers.

For Sun City West Water, based on the current reconciliation calculations, fees are under collected by \$4,817 as of December 31, 2015, with 2016 estimated costs of \$398,496, resulting in the revised Groundwater Savings Fee for residential customers of \$1.67 per unit, and \$0.1925 per 1,000 gallons for all other customers. Current fees are \$1.63 per unit for residential and \$0.1905 per 1,000 gallons for all other customers.

These updated fees are to be effective March 1, 2016. Copies of work papers supporting the revised fees as well as the revised tariff schedules are attached. Customers will be informed by bill text message of the change.

1 **RESPECTFULLY SUBMITTED** on January 29, 2016.

2
3 
4 Sandra L. Murrey
5 Rate Analyst
6 EPCOR Water Arizona, Inc.
7 2355 W. Pinnacle Peak Road, Suite 300
8 Phoenix, AZ 85027
9

10 Original and 13 copies **filed**
11 on January 29, 2016, with:

12
13 Docket Control
14 Arizona Corporation Commission
15 1200 West Washington Street
16 Phoenix, Arizona 85007
17

18
19 Copies of the foregoing **mailed**
20 on January 29, 2016, to:

21
22 Legal Division
23 Arizona Corporation Commission
24 1200 West Washington Street
25 Phoenix, Arizona 85007
26

27 Tom Broderick
28 Director
29 Utilities Division
30 Arizona Corporation Commission
31 1200 West Washington Street
32 Phoenix, Arizona 85007
33

34 Daniel Pozefsky
35 Counsel
36 Residential Utility Consumer Office
37 1110 West Washington Street
38 Suite 220
39 Phoenix, Arizona 85007
40

41 Brian Bozzo
42 Compliance and Enforcement Manager
43 Utilities Division
44 1200 West Washington Street
45 Phoenix, AZ 85007
46
47
48
49

Work Papers

EPCOR Water Arizona Inc.
GROUNDWATER SAVINGS FEE UPDATE

2016 Proposed Rates

Total Monthly Groundwater Savings Fee:

Sun City Water -

Monthly Charge Residential, per Household	\$ 1.31
Monthly Charge Commercial, Public Authority, and Irrigation, per 1,000 gal	\$ 0.2198

Sun City West Water-

Monthly Charge Residential, per Household	\$ 1.67
Monthly Charge Commercial, Public Authority, and Irrigation, per 1,000 gal	\$ 0.1925

Note: Deferred CAP Costs have been fully amortized and costs recovered.
Therefore, this tariff is for current costs only.

Data for calculations is through December 2015.

EPCOR Water Arizona Inc.
Groundwater Savings Fee Update

Recovery Target and Tariff Calculations

Data as of 12/31/15

	Sun City West			Sun City	
Balances from 2010 Approved Tariff Calculation					
Grand Total (Over) / Under Collected Through August 2010	\$	(228,079)	a	\$	(710,046) a
Sept - Dec 2010 Annual Costs	\$	25,341		39,210	
Sept - Dec 2010 Surcharge Revenues	\$	(59,871)		(73,750)	
2010 (Over) Under Collected	\$	(34,530)		\$	(34,540)
2011 Annual Costs	\$	229,584		405,733	
2011 Surcharge Revenues	\$	28,440		363,119	
2011 (Over) Under Collected	\$	258,024		\$	768,852
2012 Annual Costs	\$	287,012		\$	506,854
2012 Surcharge Revenues	\$	(233,875)		\$	(399,045)
2012 (Over) Under Collected	\$	53,137		\$	107,809
2013 Annual Costs	\$	309,546		\$	546,665
2013 Surcharge Revenues	\$	(339,521)		\$	(671,036)
2013 (Over) Under Collected	\$	(29,975)		\$	(124,371)
2014 Annual Costs	\$	361,196		\$	636,491
2014 Surcharge Revenues	\$	(371,391)		\$	(661,768)
2014 (Over) Under Collected	\$	(10,195)		\$	(25,277)
2015 Annual Costs	\$	387,822		\$	684,902
2015 Surcharge Revenues	\$	(391,386)		\$	(685,554)
2015 (Over) Under Collected	\$	(3,564)		\$	(652)
Grand Total (Over) Under Collected	\$	4,817		\$	(18,225)
Residential Allocation	\$	4,035	b	\$	(13,128) b
Projected Number of Units Billed		202,833	d		377,089 d
Monthly Charge Per Household - Previous Years	\$	0.02		\$	(0.03)
Other Customer Allocations	\$	782	c	\$	(5,097) c
Projected Consumption (kgals)		339,970	d		872,307 d
Monthly Charge per 1,000 gal. - Previous Years	\$	0.0023		\$	(0.0058)
Estimated Payments for 2016					
<u>CAP Payments</u>	<u>2016 Rates</u>	<u>Acre Feet Allocation</u>		<u>Acre Feet Allocation</u>	
M&I Delivery Rate	\$ 161	2,372 \$ 381,892		4,189 \$ 674,429	
Capital Charge Rate	\$ 23	2,372 54,556		4,189 96,347	
MWD Credit Rate	\$ (16)	2,372 (37,952)		4,189 (67,024)	
2016 Expense Recovery Target		\$ 398,496		\$ 703,752	
Total 2016 Recovery Target		\$ 398,496		\$ 703,752	
Residential Allocation	\$	333,820	b	\$	506,944 b
Projected Number of Units Billed		202,833	d		377,089 d
Monthly Charge Per Household - Current	\$	1.65		\$	1.34
Other Customer Allocations	\$	64,676	c	\$	196,808 c
Projected Consumption (kgals)		339,970	d		872,307 d
Monthly Charge per 1,000 gal. - Current	\$	0.1902		\$	0.2256
Monthly Charge Residential, per Household - Net	\$	1.67		\$	1.31
Monthly Charge Other, per 1,000 gals - Net	\$	0.1925		\$	0.2198

a Total (Over) / Under Collected approved per Decision No. 72046 (effective September 10, 2010).

b Allocated to Residential based on December 2015 YE revenues: Sun City 72%; Sun City West 84%

c Allocated to Other Customers based on December 2015 YE revenues: Sun City 28%; Sun City West 16%

d Applied amounts as of 12 month ending December 2015.

Sun City West Water Groundwater Savings Reconciliation 2015 Revenue and Expense

2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals	
Residential	\$ (26,427)	\$ (26,424)	\$ (27,573)	\$ (27,617)	\$ (27,516)	\$ (27,419)	\$ (27,439)	\$ (27,425)	\$ (27,446)	\$ (27,422)	\$ (27,530)	\$ (27,617)	\$ (327,856)	83.77%
Other	(4,924)	(4,352)	(4,198)	(5,280)	(5,426)	(5,177)	(6,423)	(6,261)	(7,259)	(4,790)	(5,151)	(4,291)	(63,531)	16.23%
Total Revenue	\$ (31,351)	\$ (30,776)	\$ (31,771)	\$ (32,897)	\$ (32,942)	\$ (32,596)	\$ (33,862)	\$ (33,687)	\$ (34,705)	\$ (32,212)	\$ (32,681)	\$ (31,908)	\$ (391,386)	100.00%
M&I	\$ 53,201	\$ 53,201	\$ 53,201	\$ 53,201	\$ 53,201	\$ 53,201	\$ 53,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 372,404	
Cap Charges	-	-	-	26,092	-	-	-	-	-	27,278	-	-	53,370	
MWD Credit	-	-	-	-	-	(10,016)	-	(3,600)	(10,816)	(7,520)	-	(6,000)	(37,952)	
CAP Credit for prior year	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expense	\$ 53,201	\$ 53,201	\$ 53,201	\$ 79,293	\$ 53,201	\$ 43,185	\$ 53,201	\$ (3,600)	\$ (10,816)	\$ 19,758	\$ -	\$ (6,000)	\$ 387,822	
Balance at 12/31/14	\$ 8,382													
Monthly (Over) / Under 2015	\$ 21,850	\$ 22,425	\$ 21,430	\$ 46,396	\$ 20,259	\$ 10,588	\$ 19,338	\$ (37,287)	\$ (45,521)	\$ (12,454)	\$ (32,681)	\$ (37,908)	\$ (3,564)	
Cumulative	\$ 30,232	\$ 52,656	\$ 74,086	\$ 120,482	\$ 140,741	\$ 151,329	\$ 170,668	\$ 133,381	\$ 87,860	\$ 75,407	\$ 42,725	\$ 4,818		

Sun City Water Groundwater Savings Reconciliation

2015 Revenue and Expense

2015	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals	
Residential	\$ (40,710)	\$ (40,724)	\$ (41,045)	\$ (41,145)	\$ (41,131)	\$ (41,117)	\$ (41,208)	\$ (41,222)	\$ (41,305)	\$ (41,256)	\$ (41,426)	\$ (41,545)	\$ (493,835)	72.03%
Other	(9,260)	(8,680)	(9,899)	(13,383)	(15,694)	(17,669)	(21,951)	(23,273)	(22,941)	(16,733)	(18,120)	(14,116)	(191,718)	27.97%
Total Revenue	\$ (49,970)	\$ (49,404)	\$ (50,944)	\$ (54,528)	\$ (56,826)	\$ (58,786)	\$ (63,159)	\$ (64,495)	\$ (64,246)	\$ (57,989)	\$ (59,545)	\$ (55,661)	\$ (685,554)	100.00%
M&I	\$ 93,953	\$ 93,953	\$ 93,953	\$ 93,953	\$ 93,953	\$ 93,953	\$ 93,953	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 657,673	
Cap Charges	-	-	-	46,079	-	-	-	-	-	48,174	-	-	94,253	
MWD Credit	-	-	-	-	-	(13,120)	-	(6,800)	(21,376)	(15,728)	-	(10,000)	(67,024)	
CAP Credit for prior year	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expense	\$ 93,953	\$ 93,953	\$ 93,953	\$ 140,032	\$ 93,953	\$ 80,833	\$ 93,953	\$ (6,800)	\$ (21,376)	\$ 32,446	\$ -	\$ (10,000)	\$ 684,902	
Balance at 12/31/14	\$ (17,573)													
Monthly (Over) / Under 2015	\$ 43,983	\$ 44,549	\$ 43,010	\$ 85,504	\$ 37,128	\$ 22,047	\$ 30,794	\$ (71,295)	\$ (85,622)	\$ (25,543)	\$ (59,545)	\$ (65,661)	\$ (652)	
Cumulative	\$ 26,410	\$ 70,959	\$ 113,969	\$ 199,473	\$ 236,601	\$ 258,648	\$ 289,442	\$ 218,146	\$ 132,525	\$ 106,981	\$ 47,436	\$ (18,225)		

**EPCOR Water Arizona Inc.
GROUNDWATER SAVINGS FEE**

Billing Determinants												TOTAL
2015												
<u>Sun City West</u>												
Customers:	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>
Residential	16,958	16,955	16,942	16,888	16,857	16,849	16,848	16,853	16,853	16,915	16,949	16,966
Total	16,958	16,955	16,942	16,888	16,857	16,849	16,848	16,853	16,853	16,915	16,949	16,966
Consumption:												
Commercial	27,159	24,003	22,035	27,717	28,481	27,178	34,159	34,882	39,070	25,323	27,439	22,524
Total	27,159	24,003	22,035	27,717	28,481	27,178	34,159	34,882	39,070	25,323	27,439	22,524
<u>Sun City</u>												
Customers:												
Residential	31,253	31,277	31,330	31,340	31,376	31,386	31,411	31,446	31,446	31,567	31,626	31,631
Total	31,253	31,277	31,330	31,340	31,376	31,386	31,411	31,446	31,446	31,567	31,626	31,631
Consumption:												
Commercial	51,536	46,015	46,020	56,000	69,061	79,909	97,170	102,713	102,322	78,681	76,559	62,565
Irrigation	405	122	404	360	165	223	296	518	350	365	494	54
Total	51,941	46,137	46,424	56,360	69,226	80,132	97,466	103,231	102,672	79,046	77,053	62,619

Tariff

Groundwater Savings Fee GSF - 1

Applicability

Applicable to all customers of this District receiving service under General Water Rate G-1, Irrigation Water Rate I-1 or Public Interruptible Water Service Rate PIR-1.

Residential Users

Flat Rate per unit per month	<u>Rate</u> \$1.31 *
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* Rate consists of \$0.03 credit per unit to refund the over collection of prior years' surcharge and \$1.34 per unit for the collection of current annual CAP charges.

Other Users

	<u>Rate</u>
All Usage per 1,000 gallons per month	\$0.2198 **

** Rate consists of \$0.0058 credit per 1,000 gallons of usage to refund the over collection of prior years' surcharge and \$0.2256 per 1,000 gallons of usage for the collection of current annual CAP charges.

Terms and Conditions

Annual Adjustment of Annual Costs Portion of Groundwater Savings Fee

At the close of each calendar year, the Company will compute the surcharge revenues for ongoing CAP water costs billed and received during the previous twelve months and compare such total with the actual CAP water payments applicable to the same period. Any surplus or deficit relating to differences between estimated and actual customers, sales, or CAP payments will be included in the computation of the new Annual Costs portion of the Groundwater Savings Fee for the coming year, beginning with customer billings each March 1st. The new rates will be developed as follows:

	Surcharge revenues during the preceding calendar year.
-	<u>Actual CAP payments (including MWD credits) applicable to preceding year</u>
=	(+) surplus or (-) deficit
+	<u>Estimated CAP payments for coming year (M&I + delivery – MWD credits)</u>
=	<u>Total target amount to recover during the coming March – February</u>

The above computed target amount will be allocated between residential and commercial customers on the basis of usage projected for the future March - February period. Residential customers will be billed a fixed monthly surcharge based on projected customer bill numbers, with commercial customers billed on a per 1,000 gallon usage basis, based on consumption forecasted for the same March – February billing period.

All rates in this Schedule shall be subject to their proportionate part of any taxes or other governmental imposts that are assessed directly or indirectly on the basis of revenues derived from this Schedule.

ISSUED: January 22, 2016 EFFECTIVE: March 1, 2016
 Month Day Year Month Day Year
 ISSUED BY: Sheryl L. Hubbard, Director, Regulatory & Rates
2355 W. Pinnacle Peak Road, Suite 300, Phoenix, AZ 85027

Decision No. Administratively Approved

Sun City Water District
(Name of Service Area)

Groundwater Savings Fee GSF - 1

Applicability

Applicable to all customers of this District receiving service under General Water Rate G-1, Irrigation Water Rate I-1 or Public Interruptible Water Service Rate PIR-1.

Residential Users

	<u>Rate</u>
Flat Rate per unit per month	\$1.321 *

* Rate consists of \$0.043 credit per unit to refund the over collection of prior years' surcharge and \$1.364 per unit for the collection of current annual CAP charges.

Other Users

	<u>Rate</u>
All Usage per 1,000 gallons per month	\$0.49252198 **

** Rate consists of \$0.00548 credit per 1,000 gallons of usage to refund the over collection of prior years' surcharge and \$0.49762256 per 1,000 gallons of usage for the collection of current annual CAP charges.

Terms and Conditions

Annual Adjustment of Annual Costs Portion of Groundwater Savings Fee

At the close of each calendar year, the Company will compute the surcharge revenues for ongoing CAP water costs billed and received during the previous twelve months and compare such total with the actual CAP water payments applicable to the same period. Any surplus or deficit relating to differences between estimated and actual customers, sales, or CAP payments will be included in the computation of the new Annual Costs portion of the Groundwater Savings Fee for the coming year, beginning with customer billings each March 1st. The new rates will be developed as follows:

	Surcharge revenues during the preceding calendar year.
-	<u>Actual CAP payments (including MWD credits) applicable to preceding year</u>
=	(+) surplus or (-) deficit
+	<u>Estimated CAP payments for coming year (M&I + delivery - MWD credits)</u>
=	<u>Total target amount to recover during the coming March - February</u>

The above computed target amount will be allocated between residential and commercial customers on the basis of usage projected for the future March - February period. Residential customers will be billed a fixed monthly surcharge based on projected customer bill numbers, with commercial customers billed on a per 1,000 gallon usage basis, based on consumption forecasted for the same March - February billing period.

All rates in this Schedule shall be subject to their proportionate part of any taxes or other governmental imposts that are assessed directly or indirectly on the basis of revenues derived from this Schedule.

ISSUED: January 2230, 20156
Month Day Year

EFFECTIVE: March 1, 20156
Month Day Year

ISSUED BY: Sheryl L. Hubbard, Director, Regulatory & Rates
2355 W. Pinnacle Peak Road, Suite 300, Phoenix, AZ 85027

Decision No. Administratively Approved

Groundwater Savings Fee GSF - 1

Applicability

Applicable to all customers of this District receiving service under General Water Rate G-1 or Construction Water Service CW-1.

Residential Users

	<u>Rate</u>
Flat Rate per unit per month	\$1.67 *

* Rate consists of \$0.02 per unit to collect the under collection of prior years' surcharge and \$1.65 per unit for the collection of current annual CAP charges.

Other Users

	<u>Rate</u>
All Usage per 1,000 gallons per month	\$0.1925 **

**Rate consists of \$0.0023 per 1,000 gallons of usage to collect the under collection of prior years' surcharge and \$0.1902 per 1,000 gallons of usage for the current annual CAP Charges.

Terms and Conditions

Annual Adjustment of Annual Costs Portion of Groundwater Savings Fee

At the close of each calendar year, the Company will compute the surcharge revenues for ongoing CAP water costs billed and received during the previous twelve months and compare such total with the actual CAP water payments applicable to the same period. Any surplus or deficit relating to differences between estimated and actual customers, sales, or CAP payments will be included in the computation of the new Annual Costs portion of the Groundwater Savings Fee for the coming year, beginning with customer billings each March 1st. The new rates will be developed as follows:

Surcharge revenues during the preceding calendar year.

-	<u>Actual CAP payments (including MWD credits) applicable to preceding year</u>
=	<u>(+) surplus or (-) deficit</u>
+	<u>Estimated CAP payments for coming year (M&I + delivery – MWD credits)</u>
=	<u>Total target amount to recover during the coming March – February</u>

The above computed target amount will be allocated between residential and commercial customers on the basis of usage projected for the future March - February period. Residential customers will be billed a fixed monthly surcharge based on projected customer bill numbers, with commercial customers billed on a per 1,000 gallon usage basis, based on consumption forecasted for the same March – February billing period.

All rates in this Schedule shall be subject to their proportionate part of any taxes or other governmental imposts which are assessed directly or indirectly on the basis of revenues derived from this Schedule.

ISSUED: January 22, 2016 EFFECTIVE: March 1, 2016
Month Day Year Month Day Year
ISSUED BY: Sheryl Hubbard, Director, Rates & Regulation
2355 W. Pinnacle Peak Rd., Suite 300, Phoenix, AZ 85027

Decision No. Administratively Approved

EPCOR Water Arizona, Inc.
(Name of Company)

10th Revised SHEET NO. 8
Cancelling 9th Revised SHEET NO. 8

Sun City West Water District
(Name of Service Area)

Groundwater Savings Fee GSF - 1

Applicability

Applicable to all customers of this District receiving service under General Water Rate G-1 or Construction Water Service CW-1.

Residential Users

	<u>Rate</u>
Flat Rate per unit per month	\$1.637 *

* Rate consists of \$0.032 per unit to collect the under collection of prior years' surcharge and \$1.605 per unit for the collection of current annual CAP charges.

Other Users

	<u>Rate</u>
All Usage per 1,000 gallons per month	\$0.190525 **

**Rate consists of \$0.004023 per 1,000 gallons of usage to collect the under collection of prior years' surcharge and \$0.186502 per 1,000 gallons of usage for the current annual CAP Charges.

Terms and Conditions

Annual Adjustment of Annual Costs Portion of Groundwater Savings Fee

At the close of each calendar year, the Company will compute the surcharge revenues for ongoing CAP water costs billed and received during the previous twelve months and compare such total with the actual CAP water payments applicable to the same period. Any surplus or deficit relating to differences between estimated and actual customers, sales, or CAP payments will be included in the computation of the new Annual Costs portion of the Groundwater Savings Fee for the coming year, beginning with customer billings each March 1st. The new rates will be developed as follows:

Surcharge revenues during the preceding calendar year.

-	<u>Actual CAP payments (including MWD credits) applicable to preceding year</u>
=	<u>(+) surplus or (-) deficit</u>
+	<u>Estimated CAP payments for coming year (M&I + delivery - MWD credits)</u>
=	<u>Total target amount to recover during the coming March - February</u>

The above computed target amount will be allocated between residential and commercial customers on the basis of usage projected for the future March - February period. Residential customers will be billed a fixed monthly surcharge based on projected customer bill numbers, with commercial customers billed on a per 1,000 gallon usage basis, based on consumption forecasted for the same March - February billing period.

All rates in this Schedule shall be subject to their proportionate part of any taxes or other governmental imposts which are assessed directly or indirectly on the basis of revenues derived from this Schedule.

ISSUED: January 22nd, 20156

Month Day Year

EFFECTIVE: March 1, 20156

Month Day Year

ISSUED BY: Sheryl Hubbard, Director, Rates & Regulation
2355 W. Pinnacle Peak Rd., Suite 300, Phoenix, AZ 85027

Decision No. Administratively Approved